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WORKERS' COMPENSATION LAWS DISCUSSED
IN 'MONTANA BUSINESS QUARTERLY' ARTICLEzacek/sale/mkh
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MISSOULA--

"Although the concept is straightforward enough, few areas of federal and state legislation are as complex, divergent, inequitable, and expensive as the collective 'maze' of workers' compensation laws," says Thomas O. Kirkpatrick, professor of management in the School of Business Administration at the University of Montana in Missoula.

Writing in the spring issue of the Montana Business Quarterly, published Friday, June 17, by the Bureau of Business and Economic Research (BBER) at UM, Kirkpatrick's article, "Workers' Compensation in Montana," reviews the history, and outlines the objectives of compensation programs.

Kirkpatrick also surveys the types and amounts of benefits workers and their families receive, discusses how the program operates in Montana and other states and how it affects employers, and suggests several methods to improve the integrity of Montana's compensation program.

"Workers' compensation is the nation's oldest social insurance program," Kirkpatrick states. "It is predicated upon the belief that persons injured while working deserve financial assistance and rehabilitation to regain their former productivity and purchasing power. While the basic concept is laudable, workers' compensation has its faults."

It is an expensive program, according to Kirkpatrick. "In Montana, the current cost in premiums and self-insurance payments is between \$40 million and \$45 million per year," Kirkpatrick points out. It raises the costs of production, the prices for goods and services, and taxes.

Some state laws actually encourage abuse, the author remarks. "As an example, in Michigan and several other states, it is relatively simple for workers to claim disabilities

-more-

at the time of retirement and, subsequently, receive payments for both disabilities and retirement." Also, when benefits for not working exceed or approach an employee's take-home pay, he may lack incentive to return to work after recovering from a disabling accident.

A major difficulty arises in judging the extensiveness or seriousness of disabilities and whether they are job-caused, with physicians frequently rendering widely different opinions about the degree of a claimant's disability.

Montana's experience with workers' compensation swindles is not unique. "A current investigation in Ohio has revealed a conspiracy of lawyers, physicians, workers' compensation employees, and claimants--all defrauding that state," Kirkpatrick says.

Because benefits to injured workers vary so widely among the states, there will be a continuing pressure from organized labor to enact a national compensation law, the author believes. "While it would appear desirable for the states to achieve a parity of principles, unique differences would still necessitate variations in the amounts of benefits they provided disabled workers," Kirkpatrick says. "History indicates that federal administrative procedures may not be superior to those of the states. Also, federal standards likely would concentrate on higher payments to more persons for longer periods. What results is a money distribution system that has lost sight of the initial intent of compensation legislation. The effects could easily be counterproductive by encouraging people not to return to work."

Kirkpatrick concludes his study with several recommendations to improve Montana's compensation law.

Other articles appearing in the spring MBQ include "Transporting Coal from Montana," by Paul E. Polzin, research associate at the BBER; "Worden and Company: Missoula's First General Store," by Dale L. Johnson, archivist at the UM Library; and "Quantitative Methods in Business, Part V: Correlation Analysis," by E. Jeffrey Livingston, associate professor, and John W. Rettenmayer, professor and chairman, in the Department of Management of the UM School of Business Administration.

The Montana Business Quarterly is available by subscription for \$6 per year through the Bureau of Business and Economic Research, as well as by individual copy for \$2 from the Associated Students' Store at the University of Montana, Missoula, Mont. 59812.

Mrs. Joyce D. Zacek is MBQ editor for the BBER.